

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1410

To amend the Internal Revenue Code of 1986 to provide that the deduction for State and local income and franchise taxes shall not be allocated to foreign source income.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 1993

Mr. THOMAS of California introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the deduction for State and local income and franchise taxes shall not be allocated to foreign source income.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. ALLOCATION OF DEDUCTION FOR STATE AND**  
4                       **LOCAL INCOME AND FRANCHISE TAXES FOR**  
5                       **FOREIGN TAX CREDIT PURPOSES.**

6       (a) IN GENERAL.—Subsection (b) of section 904 of  
7       the Internal Revenue Code of 1986 (relating to taxable

1 income for purpose of computing limitation) is amended  
2 by adding at the end thereof the following new paragraph:

3           “(5) DEDUCTION FOR STATE AND LOCAL IN-  
4 COME AND FRANCHISE TAXES.—For purposes of  
5 computing taxable income under this subpart, any  
6 deduction for any State or local income or franchise  
7 tax shall not be allocated or apportioned to gross in-  
8 come from sources without the United States.”

9           (b) EFFECTIVE DATE.—The amendment made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 1976.

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